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**Report to  
The Vermont Legislature**

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**Report on  
The Success of 6 Quality Control Positions**

**In Accordance with Act 156  
(H.789 Sec. E316 Eligibility Determination; Quality Control)**

**Submitted to:** Senate Committee on Appropriations  
House Committee on Appropriations

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Commissioner

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Interim Deputy Commissioner

**Report Date:** January 15, 2011



## Department for Children and Families

In December of 2009 the Economic Services Division (ESD) of the Department for Children and Families (DCF) developed a proposal to improve program integrity and reduce misspent dollars in the Division's major benefit programs. This effort came out of the Challenges for Change initiative to improve the efficiency of state government operations. The ESD proposal was accepted and six new positions were authorized for the Program Integrity (PI) Unit. Staff were recruited, hired and trained by July of 2010. All six positions are federally match funded which means that the state is paying about half of the salary and overhead for these staff.

The Program Integrity Unit performs a number of functions to help ensure that correct benefits are being issued to eligible recipients. Several very specific methods are used in order to assess an accurate correlation between income and eligibility and issued benefits. These include

- A monthly match between client reported wages and Department of Labor (DOL) data to look for discrepancies that affect program eligibility and benefit levels. When discrepancies are suspected, wage verification is obtained from employers and evaluated in conjunction with program rules to determine if incorrect benefit payments have been made. If over payments are found, repayment agreements between the ESD and the recipient are used to recover the overpaid dollars. These agreements typically recover small payments monthly over a three year period until the claims are repaid
- A match known as the Public Assistance Reporting Information System (PARIS) is run quarterly to identify individuals receiving public healthcare, SNAP or TANF benefits in multiple states at the same time and to address that issue
- PI staff members conduct investigations of reports of recipient fraud received from the public or from the ESD eligibility workers
- Review of benefits authorized in the General Assistance, Emergency Assistance and Reach Up programs to assess for potential fraud situations and spending which does not achieve desired results, is redundant with other benefits programs, or is misused

The PI Unit performs many other tasks in its mission to ensure that public funds reach eligible recipients in the correct amounts.

The chart on page three shows the initial cost effectiveness for the DCF/ESD Program Integrity Unit. These figures represent data for the first six months of State Fiscal Year (SFY) 2011 (July 2010 through December 2010). The first column identifies the programs for which data matching and investigations were conducted. The second column shows the claims established from the repayment agreements for the recovery of overpayments resulting from both fraudulent actions and errors. The third column represents a six month estimate of the gross federal and state programs funds that will be saved because of corrected benefits levels, adjusted due to beneficiary fraud and/or errors. Column four estimates projected savings for a 6 month period. Column five shows the actual state and federal cost of the six staff positions for a six month period and column six shows the net estimated savings for six months. Column seven identifies the base budget reductions taken in anticipation of savings through the additional QC

positions. It is important to note, that the budget reductions are for a twelve month period and the data in the other columns is specific only to this first six months of operation.

While the savings to-date far exceed the cost to generate those savings, our base budget targets have not yet been fully met. Normal start up delays impacted the 6 month savings achieved, however our current annualized projections indicate that we will meet our overall target in all areas.

<b>DCF/ESD Program</b>	<b>Actual 6 Month Total for Established Repayment Agreements (by State and Federal Share)</b>	<b>Estimated 6 Month Future Cost Avoidance Due to Corrected Benefits Amounts (by State and Federal Share)</b>	<b>Total Estimated Savings for 6 Months by State and Federal Share</b>	<b>Total Cost for 6 Positions for 6 Months (by State and Federal Share)</b>	<b>Estimated 6 Months Savings Minus Position Costs (for State and Federal Budgets)</b>	<b>SFY11 Base Budget Reductions</b>
3 Squares Vermont	State 30% \$90,617 Fed 70% \$211,441	State 0% Fed 100% \$500,852	State \$90,617 Fed \$712,293			\$694,369 FF Cost avoidance
Reach Up	State 100% \$61,817 Fed 0% \$0	State 100% \$95,694 Fed 0% \$0	State \$157,511 Fed \$0			- \$279,865 GF
Child Care Subsidy	State 100% \$36,981 Fed 0% \$0	State 100% \$22,800 Fed 0% \$0	State \$59,781 Fed \$0			-\$367,394 GF
Healthcare	N/A	State 33% \$303,503 Fed 67% \$607,007	State \$303,503 Fed \$607,007			-\$1,563,780 GC - \$557,800 GF
General Assistance	N/A	State 100% \$ 67,592 Fed 0% \$0	State \$67,592 Fed \$0			\$0
Total All Programs for the First 6 Months of SFY 2011	State \$189,325 Fed \$211,441	State \$489,589 Fed \$1,107,859	State \$679,004 Fed \$1,319,900	State \$102,664 Fed \$ 73,332	State \$576,340 Fed \$1,246,568	-\$694,394 FF DCF -\$647,259 GF DCF -\$557,800 DVHA -\$1,563,780 DVHA
Notes	The actual cash value for claims is affected by the percentage of successful collections and the length of the repayment agreements. Some collections may take three years to recover in full.		Combines repayment agreements amount from columns two and cost avoidance from column three.	Base pay/fringe plus office at \$53,665 times five positions = \$146,663 times ½ of the year = \$73,332 which is the federal cost. \$146,663 plus one additional position at \$53,665 base pay/fringe plus office = \$205,328 times ½ year = \$102,664 which is the state cost.		Base Budget Reductions are based on a 12 month budget cycle unlike the preceding columns which are based on actuals and projections for 6 months.